



PRESS RELEASE

IMS is taking further measures to adapt to a very strong deterioration in industrial activity

- Turnover down 46.2% in the first quarter of 2009 compared to the first quarter of 2008
- Additional measures to cut costs and working capital requirements
- Financial resources maintained

Nanterre, 9th April 2009 – Faced with the ongoing deterioration in industrial activity in Europe, IMS, European leader in the distribution of special steels, announces a fall of 45.4% in its volumes distributed over the first quarter of 2009 to 102,829 tonnes, versus 188,160 tonnes for the first quarter of 2008.

Turnover, which totalled 211.9 million euros for the first quarter of 2009, a fall of 46.2% on the first quarter of 2008, was split as follows:

2009 vs. 2008	Stainless	Engineering	Wear resistant	Others	Total
Turnover (€k)	96,372	74,217	29,128	12,204	211,921
Change, 2009 vs. 2008	-45.4%	-46.8%	-50.4%	-36.8%	-46.2%
Volume effect	-28.2%	-47.8%	-50.1%	ns	-39.7%
Price effect	-17.7%	+0.8%	+6.3%	ns	-6.2%
Scope effect	+0.5%	+0.2%	-6.5%	ns	-0.3%
Turnover, constant scope	-45.9%	-47.0%	-43.8%	ns	-45.9%

The fall in volumes of engineering and wear-resistant steels reflects the substantial downturn in the industrial environment in Europe over the first quarter of 2009, within a context of stable prices compared to 2008. Regarding stainless steel, volumes fell by less due to almost continual destocking for the last twelve months or so. However, price levels, which are correlated to the prices of alloys used to manufacture stainless steel (nickel, chrome and molybdenum), continued to fall.

Despite an operating loss over the first quarter of 2009 of around 15 million euros, the reduction in working capital requirements and the diversity of its sources of financing will give the Group the necessary financial resources, including in the case of a similar fall in activity over the second quarter to that recorded over the first quarter.

Given the absence of any signs in an upturn in demand so far and the probable pursuance of destocking over the second quarter of 2009, IMS is implementing further measures to reduce its breakeven point and to improve cash flows:

- reinforcement of the cost-cutting programme initiated in September 2008, reducing the expected breakeven point in 2009 to 20 million euros; these measures come on top of the reduction in variable costs associated with the fall in volumes;
- reduction in working capital requirements, notably with the confirmation of the target to cut inventories to 160 000 tonnes at 30th June 2009 from 220 000 tonnes at 30th June 2008 in order to contribute around 90 million euros to the generation of cash flow in the first half of 2009;

- reduction in operating investments to 6 million euros in 2009, versus 16.3 million euros in 2008;
- further asset disposals, notably via the divestment of real-estate assets for 4.6 million euros during the first quarter of 2009.

Jean-Yves Bouffault, Chairman of the Board, commented:

“The crisis is much deeper than expected, with a fall in manufacturing output in the European Union of close to 20% in early 2009 and unprecedented capacity closings in the steel industry; the upturn has yet to materialise. We are therefore intensifying our efforts in terms of cost-cutting and inventory reductions in order to limit our debt and focus on our strengths. It is within this exceptional environment that the Executive Committee has told the Supervisory Board that it would be preferable to propose to the Shareholders’ Meeting that no dividend be paid for 2008.”



IMS is a European leader in the distribution of wear-resistant steel, stainless steel and engineering steel. With a workforce of close to 2,200 staff in 17 European countries, IMS recorded 2008 turnover of 1.4 billion euros.

Listed on Euronext Paris - compartment B of the NYSE Euronext, member of the SBF 120 and Small 90 indices. ISIN: FR0000033904 - Reuters: ITMT.PA - Bloomberg: IMS FP

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Financial schedule

13th May 2009: Publication of accounts to 31st March 2009

16th June 2009: Annual General Meeting